



# **A REVIEW OF THE COUNTY GOVERNMENT'S PROCESS OF CONTRACTING FOR PROFESSIONAL SERVICES**

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## **I. AUTHORITY, SCOPE, METHODOLOGY AND ORGANIZATION**

The Council routinely asks about the status of recently funded initiatives during post-budget Committee worksessions to discuss a particular service or program. Sometimes a department may state that services are not yet underway because of problems encountered during the procurement process. According to using departments, the length of time it takes to contract for professional services can be a major hurdle.

This OLO report examines how long it takes to complete the County Government's process to competitively purchase professional services. The purpose of this study is to give the Council a clearer understanding of:

- The phases and steps in the competitive procurement process,
- The roles and responsibilities of the various offices which participate in the process, and
- Patterns of elapsed time based on an analysis of solicitations begun in FY 01.

### **Methodology and Scope**

OLO reviewed contract files and other documentation provided by the Office of Procurement to identify the phases in the process and to determine the time it takes to complete the process. OLO conducted interviews with staff in the Office of Procurement, the Division of Risk Management, the Office of Management and Budget, the Office of the County Attorney and a sample of users to understand the roles and responsibilities of the various participants.

OLO worked with staff in the Office of Procurement to identify a series of milestone dates. Using these dates, OLO designed and completed data summary sheets for a sample of FY 01 solicitations and developed an EXCEL spreadsheet to analyze this data.

This report has a very limited scope; it isolates a subset of procurement activity, competitive solicitations for professional service contracts, and focuses narrowly on the time it takes to process these actions. In examining *new* solicitation requests, this study puts aside purchasing actions for contract amendments, modifications or renewals, even though these represent the bulk of the professional service contracting activities.

This study tracks the processing of new solicitations. This process begins when a using department asks the Office of Procurement to review a solicitation package. OLO recognizes that there are several ways services can be privatized, including contracts, formal agreements, vouchers, grants, public/private partnerships. There are also many

contracting options besides professional service contracts, such as sole source contracts, bridge contracts or emergency procurements. This study does not examine the decisions a using department makes before it chooses to issue an RFP, including the role and authority of the Contract Review Committee (CRC); nor does it incorporate the time spent pursuing these issues in the calculation of the overall processing time.

Finally, it is important to recognize that the time to complete the procurement process represents one of many indicators that can be used to assess the procurement process. At the local government level, the Center for Advanced Purchasing Studies (CAPS) has completed benchmarking studies of purchasing performance for state and municipal governments; CAPS reports over 40 different measures.

At the federal level, the Procurement Executive's Association (PEA), an informal association of federal civilian procurement executives, has published a *Guide to a Balanced Scorecard Performance Management Methodology*. The *PEA Guide* proposes a balanced scorecard that identifies measures grouped into four perspectives: Financial, Customer, Internal Business Processes, and Learning and Growth. (See Attachment 1 for a summary of the scorecard.)

The County Council's Management and Fiscal Policy Committee is pursuing performance measures for the Office of Procurement in a series of separate discussions and worksessions.

### **Organization of this Report**

This report is organized as follows:

**Section II** describes the guidelines for the use of the competitive formal RFP process.

**Section III** describes the phases in the process and the sub-steps within each phase.

**Section IV** explains the roles and responsibilities of the Office of Management and Budget, the Using Departments, the Office of Procurement, the Risk Management Division in the Department of Finance and the Office of the County Attorney.

**Section V** analyzes a sample of professional service contracts solicited in FY 01.

**Section VI** presents OLO's findings and recommendations.

## **II. THE COMPETITIVE FORMAL RFP PROCESS**

The competitive formal Request for Proposal (RFP) process is the most common process for procuring professional services; however, it represents only one of several methods that can be used to procure services in Montgomery County. In FY 01, the formal RFP process resulted in 3,412 Actions<sup>1</sup> and \$141,240,728 in contract awards.

According to Executive Regulation 15-94AM, an RFP is a formal solicitation for competitive sealed proposals for professional services or a system that consists of professional services plus construction, goods, or non-professional services.<sup>2</sup>

The RFP procurement process balances quality and price to meet the needs of the County. The County uses this process when:

- The procurement is valued at \$25,000 or more,
- A department formulates the scope of services/specifications to be acquired,
- Generally known sources of supply and competition exist, and
- Technical considerations as well as cost are valid criteria in evaluating offers.

The final costs and scope of services are subject to negotiation after the vendor is posted for award and before the contract is executed.

## **III. PROCESS PHASES AND STEPS**

This section of the report describes the four phases of the competitive Request for Proposal process. The four phases are:

- Solicitation Development,
- Advertising and Solicitation,
- Vendor Evaluation and Selection, and
- Contract Negotiation and Execution.

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<sup>1</sup> A procurement action includes new awards, contract modifications, contract renewals, delivery and task orders of existing RFP contracts.

<sup>2</sup> Executive Regulation 15-94AM defines professional services as “The services of attorneys, physicians, architects, engineers, consultants, and other recognized professional individuals, associations, corporations, and groups whose services are customarily negotiated because of the individuality of those services and level of expertise involved.” In most cases, the professional service category is tied to the service provider; however, in some cases a contractor building a new building is categorized as construction work whereas the same contractor hired to repair a building would be classified under professional services.

## **1. Solicitation Development**

The solicitation development phase produces a solicitation package that the Office of Procurement issues for advertising. This phase begins when a department internally identifies a service need. It ends when the Office of Procurement issues an RFP for competition.

The using department and the Office of Procurement share the responsibilities of this phase. The using department assembles the solicitation package and drafts the scope of services; the Office of Procurement reviews the using department's submission, requests edits, as needed, and finalizes the package. (These roles are described in more detail in the next section, beginning on page 8.) The Office of Procurement suggests that a using department should allow one month for the Office of Procurement to review the solicitation package *after* the department has completed its work. This allows time for the Procurement Specialist and the department representative to discuss issues, make changes and explore solicitation options.

## **2. Advertising and Solicitation**

The advertising and solicitation phase issues a request for proposal and solicits responses from vendors for a set period of time. County procurement regulations require a minimum 30-day advertising period for contracts estimated at \$100,000 or more and a 10-day to 30-day advertising period for contracts between \$25,000 and \$100,000.

In practice, most bids are advertised for 30 days. Occasionally, the advertising period may be extended to accommodate an issue identified during a pre-proposal conference. Typically, an extension, which requires a written RFP amendment, is for one or two weeks.

## **3. Vendor Evaluation and Selection**

The vendor evaluation and selection phase reviews all of the proposals and selects a vendor, following the evaluation criteria and award method set forth in the RFP. This phase begins when the Office of Procurement forwards the proposals to the using department's Qualification and Selection Committee (QSC). It ends when the Office of Procurement posts an award to a vendor.

Staff in the Office of Procurement suggest that it can take the using department 30 days to complete its part of this phase, although it frequently takes longer. The Office of Procurement recognizes that the time to complete this phase depends on the sensitivity and importance of the project, the size of the QSC, the complexity of the method of award, and the availability of the QSC members. The Office of Procurement does not have a defined turnaround time for its review of the award recommendation. While the majority of reviews are standard, it would be difficult to define a uniform review period because of the many variables that arise.

#### **4. Contract Negotiation and Execution**

The contract negotiation and execution phase produces an executed contract that binds the vendor to an explicit set of services, terms and conditions and sets cost and payment terms. This phase begins when the Office of Procurement posts the awardee and notifies the using department that it can begin contract negotiations. It ends when the Office of Procurement distributes an executed contract.

This phase consists of a set of non-sequential tasks; the number of tasks depends on the dollar value of the award for the term of the contract. The using department is responsible for negotiating the contract terms with the awardee, working with Risk Management to approve the insurance requirements, drafting a contract that reflects these items, and forwarding a contract to the Office of the County Attorney for legal review.

For contracts that meet certain dollar thresholds, the Office of Procurement is responsible for ensuring compliance with the County's MFD regulations and completing a cost price analysis. Specifically,

- For contracts over \$65,000, the MFD officer in the Office of Procurement informs the awardee of County MFD goals and requests an MFD plan. The MFD officer will provide a list of MFD firms and work to facilitate a sub-contract between an awardee and an MFD firm.
- For contracts over \$100,000, the cost pricing specialist in the Office of Procurement conducts a cost/price analysis. The specialist will compare the costs and services of the top three vendors and make a recommendation to accept or reject a proposed awardee. The cost pricing specialist forwards the results of his analysis to the Procurement Specialist assigned to the contract. In some cases, the specialist will inform the using department of his findings so that the department can use this information in its cost negotiations.

The Office of Procurement estimates it can take eight to ten weeks to complete this phase of the process.<sup>3</sup> This means that if a contract must be executed before the end of the fiscal year, an award must be posted by mid-May.

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<sup>3</sup> This estimate assumes two weeks to negotiate the contract terms, one week to request and receive the certificate of insurance, one or two weeks to address the MFD requirements, one or two weeks to complete the cost/price analysis and one to three weeks for the legal review. The Office of the County Attorney has a written commitment to review draft contracts for form and legality within a ten-day period.

## **A Process Chart**

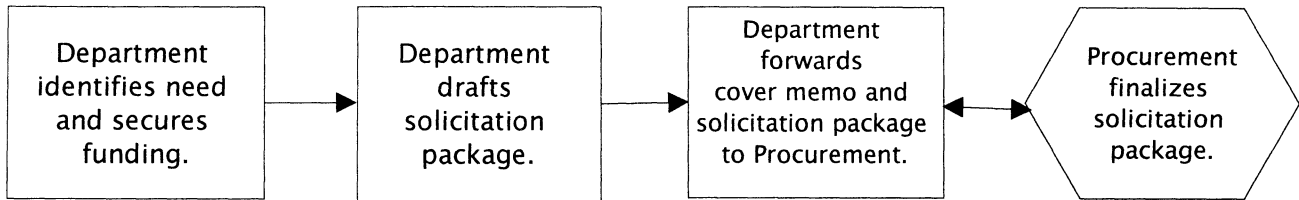
Exhibit A on page 7 illustrates the process phases and the tasks in each phase. This chart suggests that the process for contracting for professional services has the following characteristics.

- Phase One, Solicitation development, Phase Three, Vendor Evaluation and Selection, and Phase Four, Contract Negotiation and Execution are initiated by the using department which has lead responsibility for these phases.
- Phase Two, advertising and solicitation, is the only phase with a timeframe set by regulation and the only phase with one participant, the Office of Procurement.
- Phase One, Solicitation Development, Phase Three, Vendor Evaluation and Selection, and Phase Four, Contract Negotiation and Execution each have two or more participants who must complete a set of interdependent tasks.
- Phase One, Phase Two and Phase Three have a series of interdependent, sequenced tasks whereas Phase Four has interdependent tasks that are not sequenced.

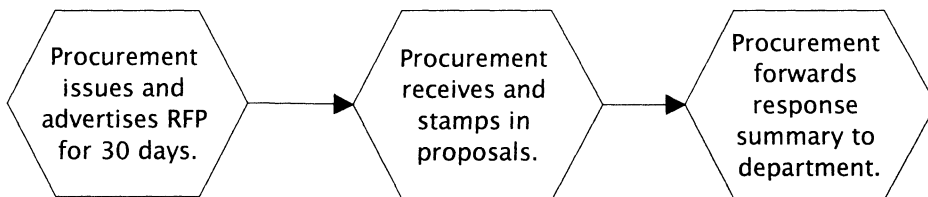


Exhibit A

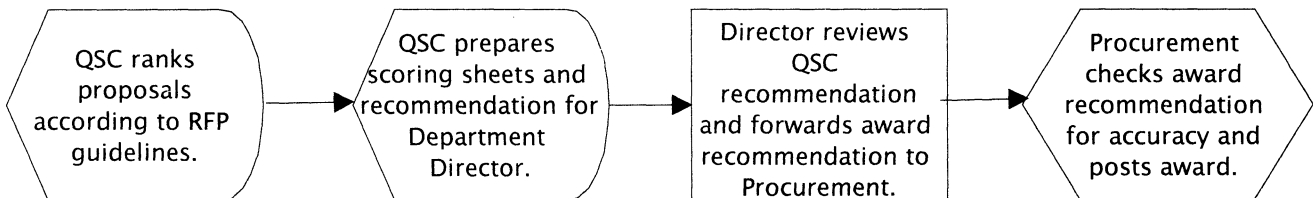
**Phase 1 – Solicitation Development**



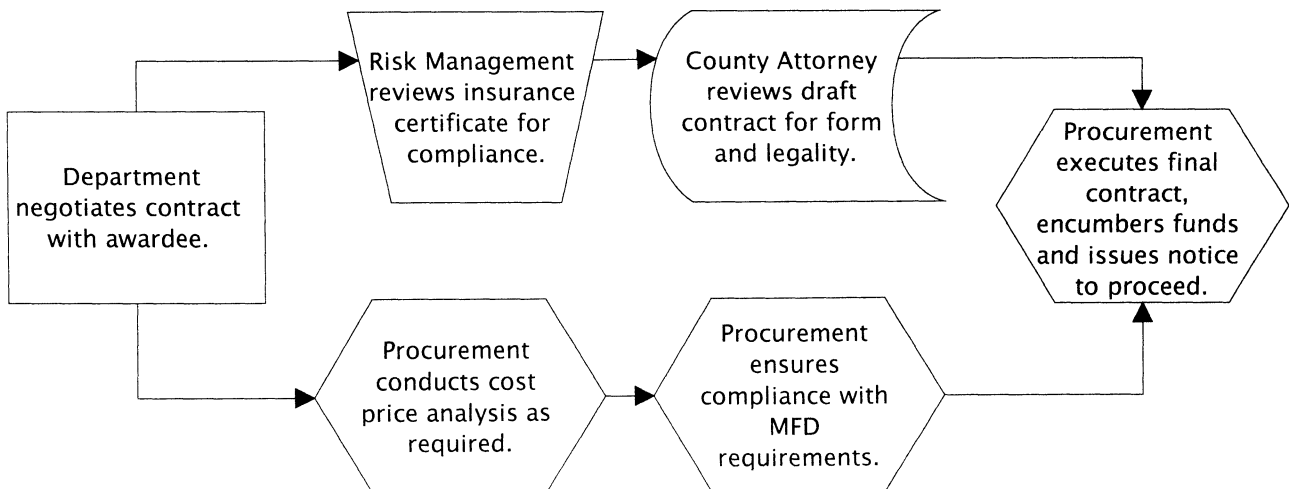
**Phase 2 – Solicitation and Advertising**



**Phase 3 – Vendor Evaluation and Selection**



**Phase 4 – Contract Negotiation and Execution**



#### **IV. ROLES AND RESPONSIBILITIES**

The using department, the Office of Procurement, the Division of Risk Management in the Department of Finance, and the Office of the County Attorney each participate in a competitive solicitation for professional services. In addition, the Office of Management and Budget participates in approving the initial funding for the solicitation. This section explains the roles of these participants in more detail.

##### **Office of Management and Budget**

Before a using department undertakes a competitive solicitation, it must secure funding through the County's budget process. According to staff, the Office of Management and Budget (OMB) considers a solicitation request as part of the larger budget competition process, which focuses on justifying the need for a new service.

A budget analyst may ask a using department to prepare an action plan, or to draft a few paragraphs to identify the services the community will receive and the specific tasks the contractor will be expected to accomplish. Budget analysts note that the information in an action plan generally does not match the level of detail required for a statement of work, which is prepared as part of the solicitation package.

OMB states that a budget analyst performs "due diligence" to review any contract cost estimates provided by the department. An analyst evaluates the issue of when funding would be needed in terms of whether implementation of the proposal is feasible within the fiscal year requested. As part of this review, an analyst might ask whether the department has reached out to expected vendors and whether a viable pool of providers exists for a particular service.

The budget office observes that after a contracting proposal has received budget approval, an executed contract which requests a major scope or funding change may not come back through the budget process for additional scrutiny. Instead, under current County regulations, the Contract Review Committee (CRC) considers a request for a contract modification with a major change in scope and or a major price increase. The CRC's review and approval of a request focuses on whether the request conforms to the procurement regulations.

Some budget analysts are concerned that this practice creates a loophole because an approved project is considered to be part of the base when the next budget is submitted. While the department may consider the change in scope a part of the service base, if the change has a fiscal impact OMB does not consider it part of the department's fiscal base. Mid-year scope changes and price increases submitted to CRC for review and approval are not required to obtain OMB concurrence.

## Using Department

Executive Regulation 15-94AM defines a using department as “any County department, office or agency subject to the procurement requirements imposed under Chapter 11B of the Montgomery County Code.” County regulations hold using departments responsible for compliance with the Montgomery County procurement regulations. If a department expects to deviate from the County’s regulations, it must obtain approval before it proceeds with the procurement.

Using departments rely on different organizational structures to staff their procurement responsibilities. For example,

- The Department of Health and Human Services has a separate contract management team, which centralizes the preparation and administration of contracts within DHHS. The team works with the program managers of the various DHHS service areas to prepare solicitations, and works with staff in the Office of Procurement to prepare solicitation requests, negotiate and execute contracts, and monitor ongoing contracts.
- Some departments, such as the Office of Human Resources, have designated one staff person to coordinate contracting tasks.
- Other departments assign contracting responsibilities directly to the program manager who is responsible for service delivery.

The Office of Procurement observes using departments often assign contracting responsibilities to a new or junior staff person; also frequent staff turnover in the using departments can sometimes be a problem. Both the Office of Procurement and the Office of the County Attorney provide periodic training sessions; however, most training comes through hands-on experience.

The using department initiates the procurement of any goods, services or construction. Its major responsibilities are to:

- Prepare the draft solicitation package,
- Evaluate and select a vendor,
- Negotiate contract terms with a vendor, and
- Prepare the contract package.

***Prepare the draft solicitation package.*** The using department initiates the purchasing process by identifying a service need, obtaining funding approval through the budget process and preparing a draft solicitation package.

A variety of factors can initiate a solicitation request.<sup>4</sup> In some cases, funding through a federal or state government grant may prompt the need for a professional service contract. In other cases, a program manager will define a service need and determine that contracting for services is the preferred approach. Researchers report that contracting for services increased significantly in the 1990s.<sup>5</sup>

According to the RFP/REOI Submission Checklist in the Procurement Guide, a solicitation package must include:

- A cover memorandum signed by the department head, which briefly describes the services, the estimated annual cost and source of funding and QSC information,
- A draft RFP which includes a scope of services, the contract term, a compensation payment clause, the method of award and evaluation criteria, any required proposal submissions, and any administrative requirements,
- Insurance requirements as approved by Risk Management,
- An ADPICS requisition to verify that sufficient funds exist,
- A list of vendors and mailing labels,
- Vendor mailing codes, and
- Any other attachments.

The Qualification and Selections Committee. The using department is responsible for identifying the membership and chair of the Qualifications and Selection Committee (QSC). The using department establishes the QSC to evaluate the responses submitted in conjunction with an RFP.

Because the QSC operates as the using department's advisory board, the department will recruit program area experts to serve as QSC members. The members of the QSC must be employees of a public entity, although a department may obtain specific authorization from the CAO for an outside advisor to serve. The QSC must have at least three members. In practice, it usually consists of an odd number of people, at least one of whom has had experience with the process. The QSC chair often is the contract administrator for the using department.

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<sup>4</sup> A General Accounting Office (GAO) study found that "increases in privatization are often prompted by political leaders and top program managers who were responding to an increasing demand for public services and a belief that contractors can provide higher quality services more cost effectively than can public agencies. In addition, state and local governments are turning to contractors to provide some services and support activities in which they lack experience or technical expertise, such as large management information systems." GAO, "Social Service Privatization: Expansion Poses Challenges in Ensuring Accountability for Program Results," GAO/HEHS-98-6, October 1997.

<sup>5</sup> GAO found that more than half of the state and local governments contacted as part of its study have increased their contracting for services, as indicated by the number and type of services privatized and the percentage of social service budgets paid to private contracts. The GAO reported that a 1993 national study by the Council of State Governments corroborated this trend. That study reported that almost 80 percent of the state social service departments surveyed had expanded privatization of social services in the preceding five years. Many experts expect privatization to expand further.

The scope of services. The scope of services defines the specific professional services that the using department wants to purchase. The scope of services must be clear, concise and consistent. An “effective” scope of services defines the services a prospective contractor will be held accountable for, identifies how the County will ensure delivery and measure accountability, and states what will happen if a contractor fails to deliver those services.

The scope of services can help control the risks associated with contracting for services and contribute substantially to the overall goal of ensuring public oversight and contractor accountability.<sup>6</sup> In crafting the scope of services, a using department must decide the amount of flexibility to put in the solicitation versus the contract. The department must also grapple with defining the service goals and performance measures. Generally, a using department exercises significant latitude in developing the scope of services.

The level of specificity in a solicitation can vary from contract to contract or from one department to another. A broad, vague scope of services allows the County to compare different approaches and costs among the respondents. A more explicit, well-defined scope of services simplifies the contract negotiation phase because it limits the latitude of vendors’ responses and narrows much of the negotiations to issues of cost. Each method has advantages and disadvantages. Typically, the using department and the Office of Procurement will discuss which method will produce the best competitive result.

Generally, it is easier to define a scope of service for nonsocial service solicitations, such as architectural and engineering tasks, than for social service solicitations. The table below compares the elements of social and nonsocial services.

<b>Characteristics of nonsocial services</b>	<b>Characteristics of social services</b>
<ul style="list-style-type: none"> <li>• Work requirements can be more easily specified because the tasks tend to be more standardized and quantifiable.</li> </ul>	<ul style="list-style-type: none"> <li>• Work requirements can be more difficult to specify because treatment approaches cannot be standardized.</li> </ul>
<ul style="list-style-type: none"> <li>• Performance monitoring can focus on tangible tasks or outputs.</li> </ul>	<ul style="list-style-type: none"> <li>• Performance monitoring is difficult because tasks are complex and uncertain.</li> </ul>
<ul style="list-style-type: none"> <li>• Long term results can often be judged on the basis of quantifiable outputs.</li> </ul>	<ul style="list-style-type: none"> <li>• Long term results are difficult to specify and monitor.</li> </ul>

Source: OLO, adapted from GAO, “Social Service Privatization: Expansion Poses Challenges in Ensuring Accountability for Program Results,” GAO/HEHS-98-6, October 1997

<sup>6</sup> A research paper on the privatization of social services by the Urban Institute emphasizes that, while privatization offers the promise of improved efficiency or increased responsiveness, achieving these benefits requires careful public management. The author states problems can often be traced to the lack of accountability and performance criteria. Alternatively, effectiveness tends to be situational and to depend on the implementation of the contracting process, the contract itself, performance criteria, and ongoing monitoring.

Staff in the using departments rely on a variety of practices to draft a service scope. For services that are routinely contracted out, staff will frequently copy and update a previous solicitation. For human services, the scope of service may be shaped by the requirements of the federal or state funding grants that drive the solicitation. For nonsocial services, staff may use a menu approach that allows a standard scope to be customized to address certain issues.

The contract term. The contract term sets the initial term of the contract plus any renewal terms. Traditionally most departments have used a one-year initial term followed by two one-year renewal periods. Recently, some departments are replacing this approach with a one-year initial term plus three one-year renewal terms. This distributes contracts over a longer timeframe and also allows the County to develop a longer term working relationship with one contractor.

The method of award. The using department determines the method of award as part of the solicitation package. There are several types of award methods. Some departments establish a minimum score for the written submission to screen unqualified vendors out of the interview process. Other departments limit interviews to the top two or three ranked proposals. Some solicitations review only written proposals; however, more commonly, solicitations request a written proposal and an interview.

The evaluation criteria and weighted factors. The using department defines the evaluation criteria and weighted factors that the QSC will use to rank each proposal. The evaluation criteria set forth key factors to determine the best vendor for the required scope of services. It allows the using department to define what kind of company will provide the services the department needs. For some services, the evaluation criteria are more objective, concrete and straightforward; for other services the evaluation criteria are more subjective.

A key difference between a Request for Proposal and an Invitation for Bid is the weighting that the cost factor receives in the evaluation. For an IFB, bid awards are based on the lowest price offered by a responsive and responsible vendor. In contrast, county procurement regulations allow the cost factor for an RFP to be as low as 10 percent of the total score. In practice, the weighting of cost typically varies between 15 percent and 20 percent of the total score, with the remaining score based on the qualitative criteria of the vendor.

Insurance requirements. The using department seeks advice from Risk Management on the type and amount of insurance a prospective vendor must carry so that the County will not be exposed to potential liability and risk. The using department provides Risk Management with the scope of services and Risk Management determines the insurance requirements.

After Risk Management determines the insurance requirements, it prepares a memorandum to the using department with a copy to the Office of Procurement, and the using department incorporates the insurance requirement into the bid package.

The vendor list. The using department and the Office of Procurement share the responsibility of developing a list of vendors who will receive notice of the solicitation. The Office of Procurement maintains a vendor database and the using department provides the vendor codes for the appropriate types of services. The using department may also identify the names and addresses of additional vendors, who should receive notice of the solicitation.

***Evaluate and select a vendor.*** After the Office of Procurement forwards the proposals received as a result of the solicitation, the QSC must review and rank all of the proposals submitted. The QSC must follow the method of award and use the evaluation criteria set forth in the solicitation, and it must find its recommended awardee to be responsive and responsible. Frequently the QSC meets two or three times, once to review the written proposals, once to interview qualified proposers, and once to finalize its recommendation. When it has completed its work, the QSC recommends an awardee to the Director of the using department.

The Director can endorse the recommendation of the QSC and forward the recommendation to Procurement or he/she can ask the QSC to reconsider its selection. After the Director has finalized the selection, he/she forwards a decision memorandum to the Director of the Office of Procurement, along with the individual scoring sheets of the QSC members and a summary scoring sheet.

***Negotiate the contract terms and prepare the contract package.*** The using department is responsible for initiating contract negotiations with the recommended awardee, after the Office of Procurement has posted the vendor for award. The using department must request approval of the vendor's insurance from Risk Management. It must also prepare the draft contract document and forward it to the Office of the County Attorney for legal review.

Certificate of Insurance Review. The using department requests a certificate of insurance from the vendor and forwards it to the Division of Risk Management. The Division of Risk Management reviews the certificate to make sure the vendor's insurance complies with the requirements established in the solicitation. Risk Management reviews certificates of insurance within 24 hours of submission by the using department.

If the vendor has put a condition in its proposal package or takes issue with the insurance requirements, the using department (and Risk Management) works with the vendor and the vendor's insurance broker to address the issue.

## **Office of Procurement**

The Office of Procurement administers a centralized procurement system for the County in accordance with the County Code. The Director serves as the central procurement officer and is responsible for procuring goods, services and construction and for establishing internal procedures and policies. The Director has the authority to approve and execute all contracts. No contract may be entered into unless the Director ensures that all requirements of the County's procurement regulations, executive orders and other applicable procedures have been met.

The Office of Procurement role in the procurement process is consistent across County departments. The Office of Procurement assists and advises departments in obtaining goods and services by selecting supply sources; soliciting and/or reviewing scope of service/bid requirements; evaluating bids and proposals; preparing, reviewing and awarding contracts; resolving and determining disputes and protests; addressing public information requests under state law; and assisting in contract administration. Occasionally, the Office of Procurement also assists and advises in contract negotiations.

The Office of Procurement has instituted a series of countywide practices to help departments prepare their solicitations in a timely manner, in addition to its role in each individual solicitation described below. For example,

- At the beginning of each fiscal year, Office of Procurement asks each department to prepare a list of anticipated solicitations. Many using departments identify each solicitation and establish a target date when the Office of Procurement can expect to receive the draft solicitation package. The Office of Procurement posts this list on its County website to notify potential vendors of upcoming solicitations. Some Procurement Specialists use this list to monitor the progress of their departments in initiating solicitations.
- Approximately six months in advance of an existing contract expiration date, a Procurement Specialist notifies a using department that either a contract can be renewed or must be re-competed. The specialist sends a second reminder three months prior to the contract expiration date. These deadlines are also broadcast online via the ADPICS system used by all departments. (Generally, contracts are negotiated for three years – an initial term of one year plus two one-year renewal terms.)
- Each year, the Director of Office of Procurement establishes deadlines for solicitations for each department. In December, the Director sends memorandums to all department heads and contract administrators reminding them of these deadlines. If a department submits a late request, the Director asks the department to submit a letter explaining the reasons the request is late. The using department must also commit to a series of deadlines to keep the process on track.



- In July 2000, the Office of Procurement published a Procurement Guide to serve as an overall guide to the procurement system. The Guide provides an overview of the procurement process, source selection methods and contract types. The guide also includes submission checklists for different types of procurements.
- The Office of Human Resources has partnered with the Office of Procurement, Montgomery College and the County Attorney's Office to develop a comprehensive Contract Administration curriculum. This course will provide contract administrators with the necessary skills to use proper source selection methods and to manage and monitor contracts effectively.

The curriculum consists of five courses taught over a five-week period. Participants meet one day a week and must commit to all sessions. The course will cover general procurement administration, County procurement policies and procedures, contract administration, contract drafting and contract negotiation. Participants who successfully complete the course will receive a certificate and continuing education units (CEU's) from Montgomery College.

- The Office of Procurement and the Department of Health and Human Services have started to hold monthly meetings to discuss procurement and contract issues.

The responsibilities of the Office of Procurement in the formal competitive RFP procurement process are to:

- Review and finalize the solicitation package,
- Advertise the request for proposal and receive solicitations,
- Review and post the award recommendation,
- Manage the protest process,
- Ensure compliance with the County's MFD regulations,
- Conduct a cost price analysis, if required, and
- Execute a negotiated contract, encumber the funds, and distribute the contract.

***Review and finalize the solicitation package.*** The Office of Procurement and the using department share the responsibility of producing a solicitation package that complies with the County's procurement regulations and can be issued for advertisement and competition.

**The solicitation package.** The using department prepares a draft solicitation package and submits it to the Office of Procurement for review. A Procurement Specialist will review the draft solicitation for completeness, clarity, form and consistency, working closely with the contract administrator in the using department to make corrections and finalize the package for advertisement.

A Procurement Specialist uses the RFP/REOI checklist to make sure the solicitation package contains all of the required documentation. Procurement Specialists indicate that solicitations frequently arrive in a piecemeal fashion. For example, a Procurement Specialist may be alerted that a solicitation is on its way when he/she sees that a new requisition has been posted or when a memorandum about insurance requirements arrives from Risk Management.

A Procurement Specialist will read through the RFP two or three times to make sure the scope of services is clear and consistent. A careful proofreading and editing of the RFP may take two or three days. Common mistakes that Procurement Specialists see include using an old solicitation without updating and revising the dated information or referencing an attachment without providing the actual attachment.

A Procurement Specialist also reads the RFP from the viewpoint of a prospective vendor and makes suggestions to ensure that the vendor responses will be comparable. For example, if an RFP requests a fee schedule, a Procurement Specialist may ask the using department to provide a sample fee schedule as part of the RFP.

The using department submits both a printed copy of the RFP as well as an electronic version on a floppy disk. At times a Procurement Specialist may have problems with the document from the disk downloading correctly and may need to spend time reformatting the document. When a Procurement Specialist has finished a review, he/she completes an RFP submission checklist sheet and passes the file to a supervisor for a final review. A supervisor may remand the RFP back to the Procurement Specialist or the using department to clarify any outstanding questions or issues.

The Office of Procurement has an informal guideline that a solicitation should be reviewed and finalized within 30 days after it is received. The review of an RFP may take only two or three days or as long as two weeks, depending on the complexity of the solicitation and the issues that must be resolved. The review of an RFP competes with other Procurement Specialist responsibilities such as managing existing contracts, processing purchase orders and contract modifications, and issuing task orders. Procurement specialists also handle commodity bid requests, and some specialists have supervisory responsibilities.

The review of a solicitation package must also compete with other solicitation requests. Procurement Specialists observe that most departments gear up to get new contracts signed in the second half of the fiscal year, and that the majority of requests arrive in the Office of Procurement between February and June.

Review for Minority, Female and Disabled (MFD) Barriers. A Procurement Specialist must submit any solicitation with an estimated value of \$65,000 or more to the MFD program administrator for review. He will review the solicitation to see whether it contains any proposed conditions that could be considered artificial barriers for minority businesses.

The vendor list. The Office of Procurement and the using department share the responsibility of developing a list of vendors who will receive notice of the solicitation. The Office of Procurement maintains a vendor database and as part of the solicitation package, the using department must identify the appropriate vendor codes. A using department may also identify the names and addresses of additional vendors, which should receive notice of the solicitation. The Procurement Specialist in the Office of Procurement may also search other business or phone directories to identify more vendors.

***Advertise the Request for Proposal and receive solicitations.*** The Office of Procurement has the lead responsibility to manage the advertisement and issuance of the solicitation and the receipt of proposals submitted in response to the solicitation. After the proposal deadline has passed, the Office of Procurement summarizes the number of proposals received and forwards copies of the proposals to the QSC chair.

The Office of Procurement administers all the steps in this phase of the process. It finalizes, issues and advertises the RFP, logs in the proposals as they are received, rejects any proposals submitted after the due date, and prepares a summary of the bids received after the submission deadline has passed. When the Office of Procurement forwards the response summary and the proposals to the using department, this marks the end of the solicitation phase and the beginning of the Vendor Evaluation and Selection Phase.

***Review of the award recommendation.*** After the Director of the using department forwards an award recommendation to the Office of Procurement, the Office of Procurement posts the award. The Office of Procurement also receives, investigates and responds to any protests.

The Office of Procurement reviews the department's recommendation and the QSC's documentation to ensure a bidder is responsible, the evaluation method is accurate and the documentation is complete. The Procurement Specialist checks to be sure that the award recommendation has a summary sheet, which shows the combined scores for each offeror, plus the individual scoring sheets. The Procurement Specialist checks the individual sheets to be sure the QSC members followed the scoring criteria established in the RFP. The Procurement Specialist also checks for mathematical errors. If the specialist has a question, he/she may ask to see scoring guidelines or may request justification from the QSC chair if necessary. When everything is in order, the Procurement Specialist forwards the award recommendation to a supervisor for final review and approval.

OLO's review of the solicitation files found one case where a Procurement Specialist returned an award recommendation because the QSC did not follow the scoring guidelines in the RFP. In another case, an award recommendation was returned because of scoring inconsistencies among the raters.

***Posting of the award and the protest process.*** Once a vendor is publicly posted for solicitation award other prospective vendors that submitted a proposal in response to the solicitation may protest the award. The prospective vendors have 10 days from the award posting date to submit a protest.

The Office of Procurement manages the initial protest receipt, review and decision response for a protest, in accordance with the procurement regulations. The aggrieved offeror must submit detailed facts, documents, and citation of relevant language in the RFP, regulations or law that supports its protest.

The Office of Procurement must make a determination and finding regarding the protest after considering all relevant documents submitted by the protesting vendor. The determination and finding will either uphold or deny the vendor's protest. If the protest is denied, then the protesting vendor may appeal the Office of Procurement's decision to the Chief Administrative Officer (CAO) and the CAO will either uphold or deny the vendor's appeal.

***Ensure compliance with the County's MFD requirements.*** County regulations require the Director of Procurement "to actively and aggressively recruit MFD owned businesses to provide goods, construction, and services, including professional services." County regulations set a goal of 20 percent MFD participation for all contracts valued over \$65,000 for the term of the contract. The County's MFD officer participates directly in the contract negotiation and execution phase of the procurement process to achieve this goal.

After the Office of Procurement has posted an award, the Procurement specialist transmits the compliance detail sheet with the proposed awardee to the MFD administrator, who mails out a package of information to the proposed awardee, including an MFD Subcontractor Performance Plan. The Plan gives a primary contractor three options for complying with the County's MFD requirement. Specifically, a primary contractor can elect to:

- Identify the MFD businesses that will be used and specify the services, dollar amounts and percent of the contract cost,
- Request a partial waiver, or
- Request a full waiver.

The MFD administrator states that he works with the awardee and the using department to complete the plan during the contract negotiation phase. If a department is under an urgent deadline, the administrator will call the proposed awardee immediately. Generally, however the administrator tries to give an offeror adequate time to respond so that he/she will make a good faith effort.

The administrator indicates that the process may be delayed if the prime contractor does not respond to the initial outreach letter or if contract negotiations become drawn out. If the record shows an awardee is making a good faith effort to comply, the County can execute a contract without having a MFD plan in place.

***Conduct a cost price analysis as warranted.*** County procurement regulations authorize a cost price analysis to ensure that the County is getting the service required at a cost that is equitable. The County procurement regulations accomplish this by authorizing the Director of Procurement to require a using department to follow contract cost and pricing principles. The Director may also require a price analysis to support a using department's certification that a proposed price is fair and reasonable.

The regulations require an offeror to submit cost and pricing data for any competitively negotiated contract that exceeds \$100,000 for the term of the contract. The procurement regulations require the Director to determine whether the cost or pricing data is reasonable after the Director receives a recommendation from the using department and before the contract is executed. The regulations require a using department to consider one or more of the following factors in making a determination that the price of a proposed award is reasonable:

- The prior award price for the goods and services being purchased,
- Prices from other offerors who responded to the solicitation,
- Cost estimates received before the solicitation responses,
- Commercial market prices and costs,
- Prices paid by other public entities for similar goods and services,
- The results of a cost analysis which identifies separate components of the offer and allocates costs among those components.

The cost price specialist in the Office of Procurement conducts an analysis after the QSC has completed its review, the using department has forwarded the award recommendation, and the Procurement Specialist has posted the award recommendation.

The specialist reviews the proposals of the three highest ranked offerors from a financial and service viewpoint. The specialist looks at the services the offerors propose to provide as well as the offerors' proposed costs.

The analytical approach varies depending on the type of procurement. For example, the specialist examines maintenance cost associated with technology purchases very carefully because of their high dollar value. The specialist will compare the prices to other offerors as well as those paid by other jurisdictions, as provided for in the County regulations. The specialist will also analyze the individual cost components of a price, which might include the number of repair requirements, the anticipated upgrades, and the financial stability of the proposed offeror. The specialist will also review profit and loss statements to verify the cost components and sometimes conduct site visits to verify that the overhead charges are real.

When the specialist has completed his work, he prepares an online report that is forwarded to the Procurement Specialist. If the specialist identifies an issue, the specialist will meet with the using department to understand why the QSC made the recommendation it did and to explain his issues or concerns.

The cost price specialist conducts an independent analysis; however, the specialist contributes to negotiations with the vendor at the discretion of the using department. A department may seek advice from the cost price specialist before beginning negotiations, invite the cost price specialist to participate in the negotiations, or proceed independently. The time it takes to complete the analysis depends on the complexity of the purchase and the urgency of the procurement.

The cost price specialist makes a determination to accept or reject the cost price data provided by the prospective vendor. The timing of this determination is fluid and open-ended because the County regulations require only that it occur after the using department has forwarded an award recommendation and before the contract is executed. In some cases, using department are surprised to find that the cost price analysis is revisiting issues that they thought were already resolved.

***Execute the contract, encumber the funds and issue a notice to proceed.*** After the contract has been signed by the Using Department, the County Attorney and the vendor, the Office of Procurement changes a requisition to a purchase order to encumber the funds for the specific contract tasks, executes the contract and distributes the executed contract to the using department.

### **Department of Finance - Division of Risk Management**

The Division of Risk Management in the Department of Finance administers the County's Self Insurance Fund and, as part of this responsibility, actively participates in the procurement process. The specific roles of Risk Management are to advise using departments on the insurance requirements to be included in the bid package during the solicitation development phase and to review the certificate of insurance provided by the contractor during the contract negotiation phase. Risk Management also reviews lease agreements, right of entry and easement agreements, and memoranda of understanding and other contractual agreements.

Risk Management believes the process protects both the County and the business community. It protects County taxpayer dollars from being used to pay claims that may arise from a contractor's negligent acts, errors and omissions; and it protects a business by requiring it to have insurance coverage, instead of having to pay a claim out of pocket.

Risk Management believes the process for identifying and incorporating the appropriate insurance requirements into a bid solicitation and an executed contract runs very smoothly. Risk Management states that the majority of the time specific insurance

requirements are incorporated into the bid solicitation package. Risk Management works closely with contract administrators, Procurement Specialists and attorneys. In those cases where the specific insurance requirements are not identified in the bid package, a table of insurance requirements in the boilerplate language in the General Terms and Conditions sets minimum requirements and allows Risk Management to interject higher limits or to customize insurance requirements during the contract negotiation phase. In some cases, insurance requirements may be waived during contract negotiations.

Risk Management also works with the attorneys in the Office of the County Attorney who are responsible for reviewing contracts. Risk Management states that in some cases a contractor's attorney may raise questions about the County's indemnification clause, limitation of liability or performance bond, and Risk Management will provide help or advice in settling these issues.

### **Office of the County Attorney**

The primary responsibility of the Office of the County Attorney is to review contracts drafted by the using department for form and legality during the contract negotiation and execution phase. The Office of the County Attorney also advises the using department or the Office of Procurement during other phases of the process on an as needed basis. The Office of the County Attorney has also periodically offered training sessions in drafting contracts for using departments.

***Contract review.*** The Office of the County Attorney has a written commitment to review a draft contract from a using department within 10 calendar days. The Office of the County Attorney tracks its review times and states that, in practice, its review time averages three or four days.

When a using department submits a contract for review, a paralegal conducts an initial review and then forwards it to an attorney for final review and approval. The attorneys who conduct the final review have a range of experience. Some are participants in the scholar attorney program whereas others are staff attorneys with several years of experience.

The focus of the county attorney's review is to make sure the contract defines the services which are being purchased, establishes how the County will know the services have been received, identifies the basis for the compensation, and defines the amount and payment schedule. Although very few contracts end up in litigation, all contracts merit a careful review because it is impossible to know which ones will fall apart.

***Contract negotiations.*** On occasion, the Office of the County Attorney assists using departments with negotiating contracts with large or sophisticated vendors. Frequently, the vendors have in-house counsel who review and question the legal boilerplate before a contract is signed. The vendors will negotiate issues such as risk allocation or who will shoulder the economic liability if service delivery does not take

place as scheduled. There is no rule of thumb for the processing time associated with these negotiations, although the negotiations may typically take from one to four weeks.

***Requests for legal advice.*** Throughout the first three phases of the process – solicitation development, advertising and vendor evaluation and selection – the Office of the County Attorney receives calls for advice on an as needed basis from a using department or the Office of Procurement. For example, in the solicitation development phase, a using department, which has gotten itself into a time bind, may request advice of the type of procurement method it could use in place of the competitive RFP process. During the advertising and solicitation phase, the Office of Procurement may call seeking advice about how to respond to a vendor who has raised a question about a solicitation. Similarly, during the evaluation phase, the Office of Procurement may need to respond to a vendor who has asked to amend an offer.

***Training.*** The Office of the County Attorney periodically provides training for using departments in contract drafting and has met with the contract team in the Department of Health and Human Services to address specific issues. The Office of the County Attorney is currently undertaking an initiative for e-contracting which will make a set of pre-approved contract documents available over the internet. It will also provide a tutorial to train staff in using departments in contract drafting.

## **V. AN ANALYSIS OF SELECT FY 01 SOLICITATIONS**

At OLO's request, the Office of Procurement queried its correspondence log to develop a database of the requests for solicitation received in FY 01. This query identified 88 requests. OLO reviewed the files for 74 of these requests and created an EXCEL spreadsheet to examine the data.

### **Profile of the FY 01 Solicitation Requests**

The Office of Procurement received solicitation requests from 14 different departments or offices in FY 01. The departments with the highest number of solicitation requests were DPWT (22), DHHS (18), Finance (6), DHCA (5) and DFRS (5).

Other departments which prepared solicitations were DIST, the Office of Human Resources, Corrections, the Public Information Office, the Circuit Court, the Interagency Coordinating Board, the Office of the County Attorney, Liquor Control and the Silver Spring Regional Service Center.

### **Status of the FY 01 Solicitation Requests as of September 2001**

The status of the 74 solicitations examined by OLO varies because solicitation packages arrive in the Office of Procurement throughout the year. As of September 2001, approximately 60 percent of the solicitations had resulted in executed contracts.



### **Patterns of elapsed time for the executed contracts**

This section examines the 44 contracts executed in FY 01 to develop a better understanding of how long each phase of the contracting process takes. Eleven departments are represented in the database of the 44 executed contracts. (The departments are listed on the chart on page 24)

OLO identified several milestone dates in the contracting process to mark the beginning and ending of each phase in the procurement process. Table 1 summarizes the milestone dates for each phase.

**TABLE 1. PHASES AND MILESTONE DATES FOR THE COMPETITIVE RFP PROCESS**

<b>Phase</b>	<b>Beginning Date</b>	<b>Ending Date</b>
Solicitation Development in the Office of Procurement	The date the cover memo and solicitation package are received in the Office of Procurement.	The RFP issue date.
Advertising and Solicitation	The RFP issue date.	The date the Office of Procurement response summary and proposals are sent to the using department/QSC.
Vendor Evaluation and Selection	The date the Office of Procurement bid response and proposals are sent to the using department.	The date the using department sends the award recommendation to the Office of Procurement.
Contract Negotiation and Execution	The date the Office of Procurement posts the award.	The date the Office of Procurement executes the contract.

Table 2 shows the results of OLO's analysis of these milestone dates for the 44 contracts executed in FY 01. It took approximately one month each to finalize and issue the solicitation package and advertise a proposal. It took 54 days on average to evaluate the proposals and select a vendor. It took 66 days, on average, to negotiate and execute a contract.

**TABLE 2. AVERAGE DAYS BY PHASES FOR SAMPLE OF FY 01 SOLICITATIONS**

<b>Phase</b>	<b>Ave. Days</b>
Finalizing of the draft solicitation package in the Office of Procurement	33 days
Advertising and Solicitation	34 days
Vendor evaluation and selection	54 days
Contract negotiation and execution	66 days
<b>TOTAL TIME *</b>	<b>187 days</b>

\*From receipt in the Office of Procurement to an executed contract

It took approximately six months or 187 days, on average, to complete a solicitation after a department forwarded a draft package to the Office of Procurement. The median review time was 187 days.

### **Review of executed contracts by department**

OLO also sorted the database of executed contracts to identify patterns of elapsed time by department. Table 3 shows the number of executed contracts for each department, the average elapsed time and the number of contracts below and above the sample average of 187 days. (Attachment 2 presents the supporting data for the table.)

**TABLE 3. AVERAGE ELAPSED TIME FOR EXECUTED FY 01 SOLICITATIONS BY DEPARTMENT**

<b>Department</b>	<b>Sample size</b>	<b>Ave. elapsed time</b>	<b># below 189 days</b>	<b># above 189 days</b>
Circuit Court	2	119 days	2	0
Dept of Fire and Rescue Services (DFRS)	5	131 days	2	0
Dept. of Housing and Community Affairs (DHCA)	4	204 days	1	3
Dept. of Information Systems and Technology (DIST)	2	209 days	1	1
Dept. of Public Works and Transportation (DPWT)	10	224 days	2	8
Department of Finance	3	145 days	3	0
Department of Health and Human Services (DHHS)	11	214 days	4	7
Department of Liquor	1	196 days	0	1
Office of Public Information	2	164 days	2	0
Office of Human Resources	3	179 days	2	1
Silver Spring RSC	1	117 days	1	0
<b>TOTAL</b>	<b>44</b>	<b>187 days</b>	<b>22</b>	<b>22</b>

The data show DHCA, DIST, DPWT, DHHS and the Department of Liquor all have averaged elapsed times above the 189 day sample average. Of these, DPWT and DHHS have the most contracts over 189 days.

A review of the detailed data for the DHHS contracts suggest that the contract negotiation phase takes the most time to complete. Specifically:

- On average, it took 86 days to complete this phase for the DHHS contracts compared to 68 days on average for the sample. Nine of the eleven contracts in DHHS were over the average for the sample.
- The average times to complete the first three phases – 35 days, 33 days and 60 days – were comparable to the averages for the sample.

An analysis of the detailed data for the DPWT sample also suggests that the contract negotiation phase contributes to the process taking longer than average.

- On average, it took 100 days to complete this phase for the DPWT contracts, compared to an average of 68 days for the sample. Six out of ten DPWT contracts took longer than 68 days.
- The average times to complete the first three phases – 31 days, 35 days and 58 days – were comparable to the averages for the sample.

### **Cancelled solicitations**

Not all of the solicitations sent to the Office of Procurement result in an executed contract. In some cases a solicitation may be cancelled because no vendors respond or because the vendors who do respond are not qualified. The following summaries illustrate some of the FY 01 solicitations that were cancelled.

- The Office of Procurement received a DWPT solicitation for a Compressed Natural Gas Fuel site on September 1, 2000 and issued an RFP on October 23, with responses due on November 22, 2000. On November 22, the response period was extended to November 28, 2000 because there were no respondents. On November 28, 2000, there were still no respondents and the solicitation was cancelled. Follow-up phone interviews with prospective vendors found that two were too busy to draft a proposal and one found the initial investment of \$400,000 cost prohibitive.

- The Office of Procurement received an Interagency Coordinating Board solicitation for Extended Day Care Services at multiple sites on December 19, 2000 and issued an RFP on January 18, 2001. One vendor submitted a proposal for each area; however his written proposal failed to meet the minimum number of points needed to qualify for an interview with the QSC. Follow-up interviews found that other vendors chose not to respond because the service required too many people connected with each center. The City of Rockville did not respond because the sites were outside the city limits.
- The Office of Procurement received a DHHS solicitation for Substance Abuse and Violence Prevention Services on February 6, 2001 and issued an RFP on March 5, with proposals due on April 5. The solicitation received one response and DHHS asked to cancel the solicitation because the respondent did not meet the minimum number of points needed to qualify for an interview. Follow-up phone interviews with vendors who chose not to respond found that the scope was too large, the solicitation was for services the vendor did not offer, and another vendor had funding constraints. DHHS asked the Office of Procurement to extend the existing contract for another one year term and stated they would re-bid the contract in January 2002.
- A DHHS solicitation for after care services for mentally ill adults was received in the Office of Procurement on January 26, 2001. An RFP was issued on March 23, 2001 with responses due on April 23. On May 25, DHHS sent a memorandum requesting cancellation. DHHS stated that the intent was to find an experienced and well-qualified provider to coordinate discharge and aftercare activities, with specific knowledge of Montgomery County resources and the needs of the population. DHHS reported that the solicitation resulted in one respondent. (One respondent was rejected because the proposal was too late.) When the QSC asked the respondent to bring a budget to the interview, the respondent did not comply. As a result, the QSC could not effectively consider the merits of the proposal.

## **VI. FINDINGS AND RECOMMENDATIONS**

This section of the report presents OLO's findings and recommendations. OLO found that the Office of Procurement administers an established process for competitive procurements over \$25,000. OLO also found that the Office of Procurement's role is consistent across all County departments, however the departments organize differently to staff their procurement responsibilities. The findings and recommendations below address the phases of the process and suggestions to improve the operation of the process as an interdepartmental system.

1. ***The County's competitive formal RFP process consists of four sequential phases. The process is uniform across all County departments.***
  - The ***solicitation development phase*** produces a request for proposal that the Office of Procurement can issue for advertising. This phase begins when a using department internally identifies a service need and ends when the Office of Procurement issues the RFP.
  - The ***advertising and solicitation phase*** solicits responses from vendors. It begins when the Office of Procurement issues an RFP and ends when the Office of Procurement prepares a response summary. Most solicitations are advertised for 30 days.
  - The ***vendor evaluation and selection phase*** selects a vendor, using the criteria and award method defined in the RFP. This phase begins when the Office of Procurement forwards the proposals to the Qualifications and Selection Committee and ends when the Office of Procurement posts an award to a vendor.
  - The ***contract negotiation and execution phase*** produces a legally executed contract that binds the vendor to the delivery of an explicit set of services, terms and conditions and sets the cost and payment terms. This phase begins when the Office of Procurement posts the award to a vendor and ends when the Office of Procurement encumbers the funds, and distributes the executed contract to the using department.
2. ***Achieving a timely and efficient procurement process must be a shared responsibility because the process is an interdepartmental system with multiple participants who must accomplish a series of interdependent tasks.***

Four County agencies participate in the County's process for purchasing professional services through a competitive solicitation. The using department has the lead responsibility for the majority of the process; however, because the process must

follow county procurement regulations and produces a legally binding contract, the Office of Procurement, the Division of Risk Management and the Office of the County Attorney exercise important review and oversight tasks at key points as the process moves forward.

The using department has lead responsibility and initiates the tasks that begin three of the four phases of the process. In contrast, the Office of Procurement has sole responsibility for the second phase of the process, the only phase that has a timeframe set by County regulation.

The tasks within Phases One, Two, Three occur in sequence whereas the tasks in Phase Four do not.

- In Phase One, Solicitation Development, the using department (working with Risk Management) assembles a solicitation package and drafts the scope of services and the Office of Procurement, working with the using department, reviews and finalizes the package.
  - In Phase Two, Advertising and Solicitation, the Office of Procurement has sole responsibility for issuing the RFP, accepting solicitations and preparing a response summary for the using department.
  - In Phase Three, Vendor Evaluation and Selection, the using department convenes and manages the QSC process, and the Office of Procurement reviews and posts the award recommendation.
  - In Phase Four, Contract Negotiation and Execution, the using department negotiates the terms of the contract with the prospective contractor and drafts the contract. The using department forwards the contract package to the Office of the County Attorney for legal review and forwards the contractor's insurance information to Risk Management for its approval. The Office of Procurement conducts a cost/price analysis and works with the contractor to meet the County's MFD goal. After the using department forwards the signed contract package, the Office of Procurement executes the contract, encumbers the funds and disperses the contract.
3. ***An analysis of a sample of FY 01 solicitations found, on average, it took 187 calendar days or about six months for a draft solicitation package to become an executed contract.***
- It took slightly more than one month (33 days) to finalize the solicitation after it was received in the Office of Procurement,
  - It took one month to advertise and solicit responses (34 days),
  - It took almost two months (54 days) to evaluate the proposals and select a vendor, and
  - It took over two months (66 days) to negotiate and execute a contract.

Most participants were not surprised by this data. Many observed that it would be feasible to reduce the time to complete the process, especially by focusing on phases one, three and four.

4. ***Multiple variables explain the time it takes to process competitive professional service solicitations. These factors change from one solicitation to the next, which makes it difficult to develop a set of target timeframes that would apply uniformly for all solicitations. Some of the factors that influence the processing time follow.***

- The level of staff experience affects the time it takes to process a solicitation. OLO heard from all participants that there is frequent turnover among staff responsible for the procurement process and that it takes time for new people to learn the process.
- The size, complexity and uniqueness of the project influences the time it takes to process a solicitation. Usually the process works best for small or simple purchases that have been made before. The process works less efficiently for projects that are large, complex or unique.
- The size and composition of the QSC affects the time it takes to process a solicitation. County regulations require a minimum of three QSC members. OLO heard that there is a direct relationship between the number of QSC members and the difficulty and time it takes to schedule QSC meetings. The use of outside QSC members also adds time to the process because a using department must receive permission from the CAO to use an outside member.
- The number of respondents influences the time it takes to complete the process. Participants stated that a solicitation that produces ten responses requires more review time and takes more work than a solicitation that produces only two responses.
- Whether an awardee is contracting for the first time with the County affects the time it takes to complete the process. Vendors who have purchased from the County are more familiar with the County's insurance and MFD requirements and cost/price analysis procedures than those who are new to the process. A working knowledge of County practices makes the process proceed more smoothly and generally saves time.

5. *Staff who participate in the process to competitively purchase professional services share a common understanding of the process phases. They also generally understand and appreciate one another's roles and responsibilities. However, the process lacks a set of shared expectations and routine practices that would help it function more efficiently and effectively as an interdepartmental system. These linkages are particularly important given the frequent turnover of staff throughout the participating departments.*

The successful functioning of an interdepartmental decision making system relies on the efficient flow of information across departmental boundaries. An ideal system has the following elements:

- a set of forms and manuals to identify and routinely collect the types of information that are needed,
- a shared understanding of working timeframes,
- a clear definition of roles, especially where responsibilities overlap and interrelate,
- a method for distributing information to decision-makers across the system before key decisions are made, and
- a process that sequences tasks and funnels decisions in a way that minimizes the need to continually revise work or revisit decisions.

OLO observed that each of these key elements exist in the procurement process. In many instances, OLO found that the using department provides a mostly complete product that requires only minor revisions, and each oversight agency, in turn, provides a thorough, quick turnaround. However, OLO also heard several concerns and observations voiced by participants in the process. This suggests some system-wide elements operate more effectively or are more fully developed than others. For example:

Forms and Manuals. Using department staff regularly refer to the procurement regulations, the procurement guide and the RFP templates for guidance on drafting a solicitation scope of work; however, OLO heard concerns from some using department staff stated that this information does not always provide the necessary level of detail or guidance.

Timeframes. Formal and informal timeframes exist for some tasks in the process, such as the 30-day advertising period, the 10-day award posting period, the 10-day County Attorney review period, and the 1-day certificate of insurance review. Most participants believe these timeframes are reasonable and helpful.



Some participants think it would be helpful to have timeframes for other phases or tasks, such as the time required for the Office of Procurement to review an award recommendation from the QSC before it posts an award or the time required for contract negotiation by the using department.

Roles. OLO heard general agreement among participants that the using department has lead responsibility for the process and has the discretion to seek advice from oversight agencies or not; however OLO heard confusion from participants about how these roles mesh and interrelate. For example, in the solicitation development phase, the Office of Procurement and the using department staff did not always perceive that revisions suggested by staff in the Office of Procurement clearly fell within the scope of their responsibilities. In the vendor evaluation and selection phase, some participants questioned the merits of procurement staff raising a concern that QSC scores might not be clustered enough.

Some participants observed that problems of consistency also exist across the process. For example, a draft contract could be returned by the Office of the County Attorney with a minor language change. Later, when a using department submits a subsequent draft that incorporates the language from the previous revision, it could be returned with a revision that returns to the original language.

Method for distributing information. OLO found that process participants routinely use e-mail and faxes to distribute information and to document correspondence. OLO heard from staff in the Office of Procurement that sometimes a problem occurs with the transmission of a solicitation package, which may require a Procurement Specialist to completely reformat a document.

Process sequencing. The tasks in the first three phases of the process appear to be logically sequenced; however, OLO heard many concerns about the fourth phase of the process, which has the greatest number of participants, the most open-ended sequencing and the greatest time pressures. For example:

- a using department could negotiate the contract with an awardee before the results of the cost/price analysis are available, thereby foreclosing some negotiation options or diminishing the value of the cost/price analysis, or
- a using department could negotiate the terms of contract with an awardee and then have to renegotiate the terms after the legal review raises an issue.

## RECOMMENDATIONS

1. ***The Council should request that the Office of Procurement conduct a formal survey of its internal customer departments to solicit staffs' perceptions about the procurement process and to assess staffs' satisfaction with the time it takes to complete the procurement process.***

As part of this study, OLO solicited anecdotal feedback about the time it takes to complete a competitive procurement. OLO heard different opinions about how long the process should take and also heard several different suggestions about strategies that could save time.

Based on this experience, OLO believes it would be instructive for the Office of Procurement to survey all of its customers more formally and routinely using a written survey instrument. The purpose of the survey would be to provide a better understanding of customer needs and to generate a working list of suggestions for process improvements. The survey could categorize respondents according to how often they use the process as well as the types and value of the services they purchase. It could ask customers to provide observations about the time it takes to get through the process based on their direct experience and it could solicit customers' ideas to save time in the process. (See Attachment 3 for a sample of a survey form from a study conducted by the Office of the City Auditor in Seattle.)

2. ***The Council should request that the Office of Procurement convene a working group of procurement participants to identify and implement strategies to improve the system for processing solicitation requests, with a focus on system efficiency. The working group should report back to the Council's Management and Fiscal Policy Committee.***

OLO's review of the procurement process identified some ideas that could potentially improve the process, such as establishing additional timeframes or improving the sequencing of some decisions, particularly in the contract negotiation and execution phase. Because OLO does not have the detail or familiarity with the process to identify which improvements would be most useful, OLO suggests that the Office of Procurement convene a working group to conduct a more thorough assessment of the procurement process from a systems perspective. The group should examine each the forms, timeframes, roles, distribution of information and decision sequence for each phase of the process to develop a list of concerns. Then, the group should identify specific changes to these elements that would capture information more efficiently, minimize revisions and editing, and reduce the number of times a decision is made.

3. ***As part of its ongoing work on performance measurement, the Office of Procurement should develop an automated system to measure the time it takes to complete the procurement process.***

Procurement managers and internal customers have identified the time it takes to complete the procurement process as a critical measure of customer satisfaction. From this study, OLO is aware that the Office of Procurement uses an extensive and well developed set of forms and logs to process and document its activities. However, these records consist of a mix of electronic databases, paper records, and manual logs which are not linked. The Office of Procurement needs to identify the records that can capture the beginning and ending points of each phase and develop a system to capture and report these data automatically.

## EXCERPT FROM THE PEA GUIDE - Core Objectives and Measures:

The PEA Team identified several performance objectives common to world-class purchasing systems, both public and private. These performance objectives and the supporting performance measures associated with them are considered the “core” for assessing system health and strategic performance. They are listed below within each of the four perspectives:

<p style="text-align: center;"><b>Customer Perspective</b></p> <p><b><i>Customer Satisfaction</i></b></p> <ul style="list-style-type: none"> <li>• % of customers satisfied with timeliness</li> <li>• % of customers satisfied with quality</li> </ul> <p><b><i>Effective Service Partnership</i></b></p> <ul style="list-style-type: none"> <li>• % of customers satisfied with the responsiveness, cooperation, and communication skills of the acquisition office</li> </ul>	<p style="text-align: center;"><b>Internal Business Processes Perspective</b></p> <p><b><i>Acquisition Excellence: Effective Quality Control System</i></b></p> <ul style="list-style-type: none"> <li>• Ratio of protests sustained by General Accounting Office and Court of Federal Claims</li> </ul> <p><b><i>Acquisition Excellence: Effective use of Alternative Procurement Practices</i></b></p> <ul style="list-style-type: none"> <li>• Number of actions using Electronic Commerce</li> </ul> <p><b><i>Fulfilling Public Policy Objectives</i></b></p> <ul style="list-style-type: none"> <li>• % achievement of socio-economic goals</li> <li>• % competitive procurement of total procurements</li> </ul>
<p style="text-align: center;"><b>Learning and Growth Perspective</b></p> <p><b><i>Information Availability for Strategic Decision-making</i></b></p> <ul style="list-style-type: none"> <li>• The extent of reliable management information</li> </ul> <p><b><i>Quality Workforce</i></b></p> <ul style="list-style-type: none"> <li>• % of employees meeting mandatory qualification standards</li> </ul> <p><b><i>Employee Satisfaction: Quality Work Environment</i></b></p> <ul style="list-style-type: none"> <li>• % of employees satisfied with the work environment</li> </ul> <p><b><i>Employee Satisfaction: Executive Leadership</i></b></p> <ul style="list-style-type: none"> <li>• % of employees satisfied with the professionalism, culture, values and empowerment</li> </ul>	<p style="text-align: center;"><b>Financial Perspective</b></p> <p><b><i>Minimizing Administrative Costs</i></b></p> <ul style="list-style-type: none"> <li>• Cost to spend ratio</li> </ul> <p><b><i>Maximizing Contract Cost Avoidance</i></b></p> <ul style="list-style-type: none"> <li>• Cost avoidance through use of purchase cards</li> <li>• % of prompt payment interest paid of total \$ disbursed</li> </ul>

SOURCE: Procurement Executives' Association. Guide to a Balanced Scorecard Performance Management Methodology: Moving from Performance Measurement to Performance Management, US Department of Commerce, July 8, 1999, p. 9.

## Milestone dates for Executed FY 01 Solicitations

Description	Dept	SOW Prep	Adv Time	Vendor Select	Contract Nego.	TOTAL TIME
Supervised Visitation Progr	Circuit Court	33	39	5	44	121
Transcript Serv	Circuit Court	26	29	23	38	116
	AVERAGE	30	34	14	41	119
MCFRS Med Dir	DFRS	33	30	42	44	149
LOSAP	DFRS	59	97	42	10	208
Automation Softwar	DFRS	17	29	26	50	122
Three Pumps	DFRS	23	46	37	27	133
DFRS Sport Utility Conv	DFRS	6	10	6	22	44
	AVERAGE	28	42	31	31	131
Production Services	DHCA	82	36	67	89	274
Marketing Services	DHCA	69	29	81	84	263
Closed Caption Serv	DHCA	74	30	39	63	206
Playback Service for Cable	DHCA	11	21	25	15	72
	AVERAGE	59	29	53	63	204
Data Security Pen System	DIST	38	36	49	21	144
Consultant Services	DIST	5	21	247	1	274
	AVERAGE	22	29	148	11	209
MS Access Data Mgmt	DPWT	43	30	74	60	207
Replcmt/Rehab of...	DPWT	26	45	10	55	136
Security Services for Public Pk Facilities	DPWT	55	33	64	47	199
AE Services for MAC	DPWT	15	48	60	196	319
AE Services for Germantown Library	DPWT	2	32	50	178	262
Food Serv Operations	DPWT	59	39	58	83	239
AE Services for Silver Spring Fire Station	DPWT	6	30	84	83	203
AE Services for Shady Grove Life Science	DPWT	22	33	30	142	227
AE Services for Bethesda Outdoor Pool	DPWT	13	31	26	95	165
Air Emissions	DPWT	70	26	128	63	287
	AVERAGE	31	35	58	100	224
Internal Audit Serv Tech	FINANCE	16	32	47	75	170
Broker for Prop and Casul Services	FINANCE	7	29	40	26	102
Actutarial Study of MC SER	FINANCE	21	32	19	92	164
	AVERAGE	15	31	35	64	145
Outpatient Behavioral	HHS	16	30	143	152	341
African American Health Initiative Program	HHS	17	30	39	73	159
Community Based Head Start	HHS	15	30	75	39	159
Resource Coordination to Dev	HHS	56	30	28	95	209
24Hr Program - Redland House	HHS	116	47	75	7	245
Accreditation Facilitation Project for Child	HHS	19	31	24	81	155
Targeted Outreach to Minority Childcare	HHS	59	30	54	96	239
Broad Acres and Harmony Hills Health Care	HHS	0	54	80	113	247
Mental Health Services for Dev	HHS	45	30	55	82	212
Data Support Services	HHS	27	37	39	108	211
HIV Prevention Services for AA	HHS	12	17	49	95	173
	AVERAGE	35	33	60	86	214
Materials Handling Conveyor Sys	Liquor	53	35	62	46	196

Milestone dates for Executed FY 01 Solicitations

Description	Dept	SOW Prep	Adv Time	Vendor Select	Contract Nego.	TOTAL TIME
Multiple Videographers	Public Info.	56	31	72	20	179
Cable Producer	Public Info.	46	34	35	33	148
	AVERAGE	51	33	54	27	164
Comprehensive Employee Wellness Prog	OHR	34	33	43	86	196
Comprehensive Occupational Medical Services	OHR	13	38	29	86	166
Comprehensive Fire and Rescue Occupational Medical	OHR	20	39	49	68	176
	AVERAGE	22	37	40	80	179
Sponsorship Dev	SSRSC	22	23	58	14	117
						0
TOTAL AVERAGES		33	34	54	66	187

## Addendum B

**Purchasing Survey  
Questionnaire  
July 2, 1997**

Department/Division	
Name of Person Completing Questionnaire	
Job Title	
Type of Involvement with Purchasing	
Phone Number	

Raw Number	% of Total	Question
		What has been your average monthly number of contacts with Purchasing Services over the past two years? Mark an "X" in the appropriate box.
27	43%	Less than 12 contacts <b>per year</b>
18	29%	1 to 5 contacts per month
11	17%	6 to 15 contacts per month
7	11%	Over 15 contacts per month
		<b>EFFICIENCIES</b>
		How would you rate your satisfaction with Purchasing Services' knowledge of the industry and vendors relevant to your purchasing needs?
2	3%	<b>(1) Dissatisfied</b>
12	19%	<b>(2) Somewhat Dissatisfied</b>
16	26%	<b>(3) Neutral</b>
24	39%	<b>(4) Satisfied</b>
6	10%	<b>(5) Very Satisfied</b>
2	3%	<b>(NA) No Knowledge</b>
		How would you rate your satisfaction with Purchasing Services' timeliness in filling your department's purchase order requisitions over the past two years?
11	18%	<b>(1) Dissatisfied</b>
28	46%	<b>(2) Somewhat Dissatisfied</b>
3	5%	<b>(3) Neutral</b>
13	21%	<b>(4) Satisfied</b>
6	10%	<b>(5) Very Satisfied</b>
0	0%	<b>(NA) No Knowledge</b>

## Addendum B

Raw Number	% of Total	Question
		If you rate timeliness (1) or (2), we are interested in knowing why you are not satisfied with the time it takes to fill your purchase order requisitions. Below we have set forth some possible explanations and we ask that you indicate how accurate you believe each statement to be.
		Specifications submitted with the requisition are returned to the department for revision.
7	13%	(1) Never the case
21	38%	(2) Rarely the case
9	16%	(3) Don't know
16	29%	(4) Sometimes the case
2	4%	(5) Often the case
		Obtaining necessary insurance information is time-consuming.
6	11%	(1) Never the case
7	13%	(2) Rarely the case
18	34%	(3) Don't know
16	30%	(4) Sometimes the case
6	11%	(5) Often the case
		Your department's internal process requires too much time prior to submitting requisitions to Purchasing Services.
15	28%	(1) Never the case
19	36%	(2) Rarely the case
3	6%	(3) Don't know
13	24%	(4) Sometimes the case
3	6%	(5) Often the case
		The City lacks an automated purchasing system.
2	4%	(1) Never the case
2	4%	(2) Rarely the case
18	34%	(3) Don't know
4	8%	(4) Sometimes the case
26	50%	(5) Often the case
		Meeting WMBE requirements.
5	9%	(1) Never the case
10	19%	(2) Rarely the case
13	25%	(3) Don't know
19	36%	(4) Sometimes the case
6	11%	(5) Often the case
		Purchasing Services requires too much time to process the requisition.
1	2%	(1) Never the case
6	11%	(2) Rarely the case
3	5%	(3) Don't know
16	29%	(4) Sometimes the case



## Addendum B

Raw Number	% of Total	Question
29	53%	<p><b>(5) Often the case</b> If you answered (4) or (5) to the previous question, how long do you think it should take to process an average requisition? Include a timeframe for both formal (items over \$30,000) and informal bids.</p> <hr/> <p>Most answers were in the 2-4 weeks for informal and 4-6 weeks for formal contracts.</p> <hr/> <p>Other explanations for your dissatisfaction with the timeliness of purchases.</p> <hr/> <p>"More staff needed." "The entire procurement process has been complicated beyond reason." "We do everything possible to avoid doing a requisition."</p> <hr/> <p>In November 1996 the direct voucher limit was raised to \$5,000. What has been the impact of this change on your department/division?</p>
43		We now purchase more items more quickly than when the direct voucher limit was \$1,000.
10		Our workload has increased to the extent that we are purchasing more items by direct voucher.
9		There has been no impact.
6		<p>We continue to only purchase items under \$1,000 by direct voucher and still send requisitions for items over \$1,000 to Purchasing Services for processing.</p> <p>The formal competitive bid limit was raised to \$30,000 in November 1996. What has been the impact of this change on your department?</p>
12		There has been more timely purchases of items that previously required formal bidding.
2		Our workload has increased.
1		Our workload has decreased.
32		There has been no impact.

## Addendum B

Raw Number	% of Total	Question
		How would you rate your satisfaction with the overall efficiency of the City's purchasing processes?
9	15%	(1) Dissatisfied
22	36%	(2) Somewhat Dissatisfied
10	16%	(3) Neutral
14	23%	(4) Satisfied
5	8%	(5) Very Satisfied
1	2%	(NA) No Knowledge
		If you rate the overall efficiency (1) or (2), please explain why you are not satisfied. What improvements could be made? Include improvements your department could make.
		<u>"Difficulty in accessing and moving information about a purchase request." "Too many regulations." "We do not receive progress reports on how an important order is coming along." "Inconsistent information and interpretation of policies." "Need to improve training of purchasing staff so they can become knowledgeable about our industry." "The City needs to revise its processes and automate them."</u>
		How would you rate your satisfaction with Purchasing Services' procedures for the following:
		<b><u>Purchase order requisitions:</u></b>
11	18%	(1) Dissatisfied
16	26%	(2) Somewhat Dissatisfied
10	16%	(3) Neutral
15	24%	(4) Satisfied
2	3%	(5) Very Satisfied
8	13%	(NA) No Knowledge
		If you rated this (1) or (2), please explain why you are not satisfied.
		<u>"No written guidelines." "Too much red tape." "Processes unclear." "Need to automate." "We add 6 weeks to any job that requires us to issue a requisition."</u>
		<b><u>Change order requisitions:</u></b>
4	7%	(1) Dissatisfied
5	8%	(2) Somewhat Dissatisfied
13	22%	(3) Neutral
16	28%	(4) Satisfied
4	7%	(5) Very Satisfied

## Addendum B

Raw Number	% of Total	Question
16	28%	(NA) No Knowledge
		If you rated this (1) or (2), please explain why you are not satisfied.
		<u>"Change orders take too long." "Slow and confusing." "Inconsistency between buyers regarding what is required."</u>
		<b><u>Sole source justifications:</u></b>
5	8%	(1) Dissatisfied
7	12%	(2) Somewhat Dissatisfied
11	18%	(3) Neutral
22	37%	(4) Satisfied
4	7%	(5) Very Satisfied
11	18%	(NA) No Knowledge
		If you rated this (1) or (2), please explain why you are not satisfied.
		<u>"Justification seems different depending upon who will review it."</u>
		<u>"Process and limitations not clear." "Acceptable justification is not clearly defined."</u>
		<b><u>Emergency purchase orders:</u></b>
0	0%	(1) Dissatisfied
5	8%	(2) Somewhat Dissatisfied
8	14%	(3) Neutral
24	41%	(4) Satisfied
10	17%	(5) Very Satisfied
12	20%	(NA) No Knowledge
		If you rated this (1) or (2), please explain why you are not satisfied.
		<u>"Decisions as to when and how they can be used seem arbitrary." "Too much paperwork." "Has been used by Purchasing to meet program deadline when purchasing process was too slow."</u>
		<b><u>Blanket contracts:</u></b>
4	7%	(1) Dissatisfied
19	31%	(2) Somewhat Dissatisfied
11	18%	(3) Neutral
13	21%	(4) Satisfied
12	20%	(5) Very Satisfied
2	3%	(NA) No Knowledge

## Addendum B

Raw Number	% of Total	Question
		<p>If you rated this (1) or (2), please explain why you are not satisfied.</p> <p><u>"They often expire without being rebid or renewed."</u> <u>"These take up to 6 months and sometimes PO requisitions are held up until blanket awarded."</u> <u>"We are forced to use only one vendor instead of spreading our business around."</u> <u>"Delays in departments receiving most recent blanket contract or renewal."</u></p> <p><b><u>FAIRNESS &amp; INTEGRITY OF COMPETITIVE BID PROCESS</u></b></p> <p>For the requisitions you submitted over the past two years, how would you rate your satisfaction with the <b>quality</b> of the goods/services purchased via the competitive bid process?</p> <p>1 2% <b>(1) Dissatisfied</b></p> <p>8 13% <b>(2) Somewhat Dissatisfied</b></p> <p>7 11% <b>(3) Neutral</b></p> <p>31 49% <b>(4) Satisfied</b></p> <p>10 16% <b>(5) Very Satisfied</b></p> <p>6 9% <b>(NA) No Knowledge</b></p> <p>If you rate the quality (1) or (2), we are interested in knowing why you believe the quality is not satisfactory. Below we have set forth some possible explanations and we ask that you indicate how accurate you believe each statement to be.</p> <p>Quality products are not available in our area.</p> <p>6 17% <b>(1) Never the case</b></p> <p>19 52% <b>(2) Rarely the case</b></p> <p>6 17% <b>(3) Don't know</b></p> <p>5 14% <b>(4) Sometimes the case</b></p> <p>0 0% <b>(5) Often the case</b></p> <p>The City's process does not attract vendors of quality goods.</p> <p>3 8% <b>(1) Never the case</b></p> <p>10 26% <b>(2) Rarely the case</b></p> <p>12 32% <b>(3) Don't know</b></p> <p>11 29% <b>(4) Sometimes the case</b></p> <p>2 5% <b>(5) Often the case</b></p> <p>Not enough vendors are contacted.</p> <p>0 0% <b>(1) Never the case</b></p> <p>11 31% <b>(2) Rarely the case</b></p> <p>19 53% <b>(3) Don't know</b></p>

## Addendum B

Raw Number	% of Total	Question
4	11%	<b>(4) Sometimes the case</b>
2	5%	<b>(5) Often the case</b>
		Other explanations why you are dissatisfied with the quality of goods purchased.
		<u>“‘Low bid’ tends to mean ‘low quality,’ in my experience.” “Vendors may be wary because City takes too long to pay them.” “City takes the ‘best’ bid even though it might not be the ‘best’ product.”</u>
		For the requisitions you submitted over the past two years, how would you rate your satisfaction with the <u>prices</u> for goods services achieved via the competitive bid process?
1	2%	<b>(1) Dissatisfied</b>
7	11%	<b>(2) Somewhat Dissatisfied</b>
15	24%	<b>(3) Neutral</b>
30	48%	<b>(4) Satisfied</b>
4	7%	<b>(5) Very Satisfied</b>
5	8%	<b>(NA) No Knowledge</b>
		If you rate cost (1) or (2), we are interested in knowing why you are not satisfied with the cost of items being purchased for your department or division. Below we have set forth some possible explanations and we ask that you indicate how accurate you believe each statement to be.
		The market for many of your purchased goods/services is limited, therefore the cost is high.
4	11%	<b>(1) Never the case</b>
7	19%	<b>(2) Rarely the case</b>
11	31%	<b>(3) Don't know</b>
9	25%	<b>(4) Sometimes the case</b>
5	14%	<b>(5) Often the case</b>
		The City's process does not always attract competitive bids.
1	3%	<b>(1) Never the case</b>
8	20%	<b>(2) Rarely the case</b>
13	32%	<b>(3) Don't know</b>
14	35%	<b>(4) Sometimes the case</b>
4	10%	<b>(5) Often the case</b>
		Other explanations why you are dissatisfied with the prices of goods purchased.
		<u>No comments from respondents.</u>

## Addendum B

Raw Number	% of Total	Question
		How do the following policies impact the cost of items purchased for your department?
		Insurance requirements.
1	2%	(1) No impact
12	19%	(2) Minimal impact
20	32%	(3) Don't know
14	23%	(4) Some impact
11	18%	(5) Significant impact
4	6%	(6) Not applicable
		Recycled content requirements.
2	3%	(1) No impact
15	24%	(2) Minimal impact
22	35%	(3) Don't know
15	24%	(4) Some impact
5	8%	(5) Significant impact
4	6%	(6) Not applicable
		Formal bid requirements for items over \$30,000, for instance the length of time it takes to advertise for and to receive bids.
1	2%	(1) No impact
9	14%	(2) Minimal impact
18	29%	(3) Don't know
17	27%	(4) Some impact
14	22%	(5) Significant impact
4	6%	(6) Not applicable
		WMBE requirements.
1	2%	(1) No impact
15	24%	(2) Minimal impact
13	20%	(3) Don't know
21	33%	(4) Some impact
12	19%	(5) Significant impact
1	2%	(6) Not applicable
		Requiring departments to purchase off blanket contracts rather than allowing departments to negotiate with vendors for the best price possible.
3	5%	(1) No impact
15	24%	(2) Minimal impact
11	17%	(3) Don't know
23	36%	(4) Some impact

## Addendum B

Raw Number	% of Total	Question
10	16%	<b>(5) Significant impact</b>
1	2%	<b>(6) Not applicable</b>
		Other policies that impact the cost.
		<u>"Blankets limit our ability to take advantage of sales." "May know of a vendor that does good work or produce a good product, but can't use them."</u>
		How well do you understand the steps you need to follow in order to either purchase an item by direct voucher or to submit a requisition to Purchasing Services?
19	30%	<b>(1) Understand completely</b>
21	33%	<b>(2) Mostly understand</b>
17	27%	<b>(3) Somewhat understand</b>
6	10%	<b>(4) Don't understand</b>
		If you answered (3) or (4), please explain what additional training or information could be provided by Purchasing Services and your department.
		<u>"Provide purchasing manual for users." "Maintain purchasing policies and procedures on In-Web." "Include training on purchasing procedures in New Supervisors Orientation program." "A handbook with instructions and forms."</u>
		Does your department have written purchasing policies applicable only to its personnel?
17	27%	<b>Yes</b>
17	27%	<b>No</b>
29	46%	<b>Don't Know</b>
		If you answered "Yes" to the above question, what types of documents are in the manual, how useful is it and why, or why is it not useful
		<u>"Approval process." "How to fill out purchase order and emergency requisitions." "How to use DV's, blanket contracts, non-stock requests, etc." "Very helpful to employees who use purchase process."</u>
		Does Purchasing Services send written purchasing rules and guidelines to your department?
21	33%	<b>Yes</b>
12	19%	<b>No</b>

## Addendum B

Raw Number	% of Total	Question
30	48%	<p><b>Don't Know</b></p> <p>If you answered "Yes" to the above question, how useful are the documents to you and why? What improvements, if any, could be made?</p> <p><u>"Very useful to staff." "Documents outdated and no longer apply." "We don't look at them very much, but are used for reference if an unusual or new situation comes up."</u></p> <p>If you answered "No" or "Don't Know" to the above question, please indicate what kind of manual would be useful to you, if at all.</p> <p><u>"Brief, but concise descriptions of procedures for purchasing various items would be helpful." "A complete set of written, current policies, with written updates. (A manual.)" "Whatever I get, I want it on-line." (Most respondents indicated that they would like some kind of manual to help them.)</u></p>
24	38%	<p>Do you feel that Purchasing Services applies its rules and policies consistently to your department or to other departments?</p> <p><b>Yes</b></p>
8	13%	<p><b>No</b></p>
31	49%	<p><b>Don't Know</b></p> <p>If you answered "No" to the above question, please explain your answer.</p> <p><u>"Each buyer seems to have a different interpretation of purchasing policy." "Inconsistent information, inconsistent interpretation of policies, vendors have complained to us that they get inconsistent information. . . ."</u></p>
<b>CUSTOMER SERVICE</b>		
		<p>Overall, how would you rate the cooperation of Purchasing Services' personnel in meeting your department's purchasing needs</p>
1	2%	<b>(1) Dissatisfied</b>
11	18%	<b>(2) Somewhat Dissatisfied</b>
10	16%	<b>(3) Neutral</b>
23	37%	<b>(4) Satisfied</b>
15	24%	<b>(5) Very Satisfied</b>
2	3%	<b>(NA) No Knowledge</b>

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## Addendum B

Raw Number	% of Total	Question
		<p>If you rated Purchasing Services' cooperation (1) or (2), please explain any changes that you believe would improve cooperation. Include any changes that your department could make.</p> <p><u>"Its not the people, it's the system." "Improve communication, keep department contact informed if incurring delays in processing." "Efforts as described above to make the process less 'arcane' and 'opaque' for users." "Adequate staff to address workload." "I think they do the best job they can, but they are buried in the process." "Better efforts to keep user/requesters continually informed of the status and prospective time of processes/requests they are involved in."</u></p> <p>How would you rate Purchasing Services' assistance in helping your department meet its WMBE purchasing goals</p> <p>(1) Dissatisfied (2) Somewhat Dissatisfied (3) Neutral (4) Satisfied (5) Very Satisfied (NA) No Knowledge</p> <p>If you rated Purchasing Services' assistance (1) or (2), please explain any additional assistance that could be provided. Include any assistance your department could provide.</p> <p><u>"Make WMBE monthly/YTD usage statistics available on-line."</u> <u>"Several WMBE companies with whom we deal have not registered because of complicated process." "Need more choices." "Review WMBE % to insure it is realistic with regard to the commodities the departments are buying."</u></p> <p><b>OTHER</b></p> <p>With the City's decision to replace SFMS with PeopleSoft, which will include a purchasing module, the City will need to re-engineer its purchasing functions.</p> <p>What are some of your ideas on how the purchasing function should be re-engineered?</p> <p><u>"First, clear recognition of the purpose of the Purchasing organization -- enforcement of rules, streamline purchasing process, etc." "Be careful about reengineering this function based on a financial system. . . I think a purchasing function MAY be better driven by more of a business based system." (Respondents mentioned on-line requisitioning, ability to</u></p>
2	3%	
10	16%	
17	28%	
12	19%	
1	2%	
20	32%	

## Addendum B

Raw Number	% of Total	Question
		<p>view status of requisition on-line, electronic signature capability, automate qualified vendor/IRS/WMBE/insurance information, incorporate workflow routing teams, workflow status, reduce duplicate data entry.)</p> <p>What needs should the new system meet that are not being met by the way the City currently purchases goods and services?</p> <p><u>"Should support 'surplus' or other inventory management functions so that we don't buy something from the outside that another department, or worse our own, is in the process of surplus."</u> <u>"Incorporate project tracking . . . . We are frequently interested in the value of outstanding requests that are not official yet because they have not been received by Contracting Services or entered into the system."</u> (Most respondents mentioned various aspects of an automated purchasing process.)</p> <p>Additional comments.</p> <p><u>"Staff generally good and tries hard. Needed changes are more systemic."</u> <u>"The City's purchasing process needs radical overhaul."</u> <u>"There is some great staff in Purchasing Services. However, they are working within an outdated system."</u></p>